



The French Banking Federation and French SWIFT National Member Group thank the Federal Reserve Banks for the broad consultation.

Not being part of the US payment systems we will share our overall view in spite of answering every question.

Thrusting payments and secure them is obviously desirable, especially with new payment means development. In fact, what would be the interest of validating a fund transfer on mobile phone within some seconds, if the fund transfer itself takes one day or more to reach the beneficiary ?

But, thrusting payments reduces time to perform controls (not only fund availability on the payer's account but also compliance). These two aspects are opposite and it seems surprising that the Federal Reserve Banks, which are present on both payments and controls do not mention at all compliance rules in the consultation.

Besides, a distinction should be clearly made between domestic and cross-border payments, the latter being not very addressed in the consultation.

Technical tracks are not the same (for example, a SWIFT payment incoming in the US must be transformed into local format as CHIPS and Fedwire do not use SWIFT networks).

Control needs are also distinct, the same controls are not made on a US domestic wage payment and on a payment incoming from abroad.

A clarification is needed on the difference to be made between real-time payments (unique transactions on RTGS or RTGS like systems) and near real-time ones. The latter concept should be clearly defined, especially on the cross-border payments with potential foreign exchange transactions. Imposing a near real-time and an immediate confirmation will probably impose real-time accounting both on the emitting bank side and on the receiving one. As a consequence, every bank will have to be able to do it, which will require huge investments and huge costs. Who will be bear these costs and fund the investments is not defined.

Moreover, with near real-time processing, cancellations are no more possible (MT 192 and 292 can not be used successfully any longer). So a question is raised about the frauds, the amount of which will be impossible to recover.

Two concepts must be clarified on the means to achieve their defined goals :

- Payer's account number not known by the payee : what would replace the account number ?
- Payer's confirmation of the transaction : what would be the means to do so ? An electronic immediate confirmation requires everyone to be equipped with an electronic device (mobile phone, computer, mobile device dedicated to securing transactions) and/or to have access to a secure network, which implies a **social cost**.

As a whole, such a system can only be designed for retail low value payments, high value payments need more security and compliance control to avoid fraud.

This can only be a totally distinct system, like in Europe EBA STEP 2 versus Euro1 or Target 2, and purely US located.

At last, in the European Union, payments have reached an high level in security, availability and data protection that allows consumers and corporates to be highly confident in their payment means. Innovation in the US and its consequences in Europe must not weaken the achieved levels.